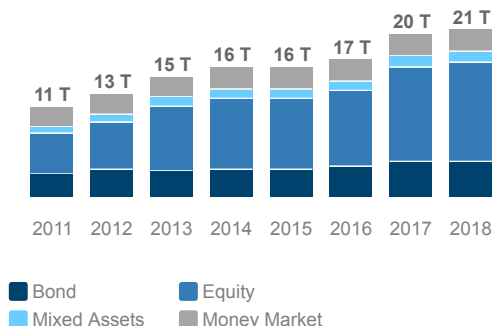


FundFlash Monthly Snapshot of US Trends



Assets by investment type (\$T)



Jul 2018 net sales of long term funds

\$21.8 B

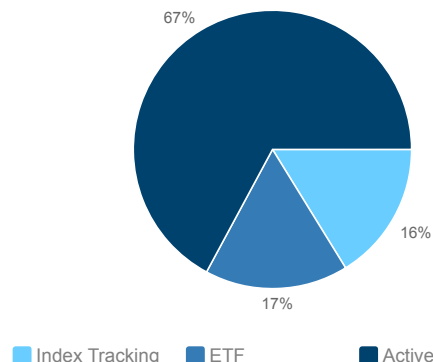
Jun 2018 net sales of long term funds

-\$16.8 B

Asset Growth month on month

+2.22%

Asset split by strategy



July in brief

• Despite a relatively quiet month of trading that saw dampened volatility and generally solid performance in stocks, investors pulled \$18.4 billion from actively managed equity products. Active bond products had inflows of about \$8.6 billion (the most since January) while money market funds had inflows of \$12.7 billion. Stock market volatility, as measure by the S&P 500 Index, settled down as July saw zero days of 1% swings in either direction.

• Much of the decline in volatility can be attributed to improved second quarter earnings, which were quite strong (+20% annual rate), and surprising retail sales growth of +6.6%—the fastest rate since 2012. Although consumer prices increased 2.9% year-over-year, wages increased by only 2.7%, which prompted traders to reassess how aggressive the Fed might need to be to tamp down budding inflation (and the good news appears to be “stay the course”).

• Net sales of index-tracking and ETFs products shot up from June’s \$4.0 billion to \$39.1 billion in July. Passive equity fund flows bounced back from negative territory last month to a positive \$21.5 billion and passive bond products accelerated from \$12.3 in June to \$18.4 billion in July.

• Net sales of all ETF products (including actively managed ones) bounced back after outflows in June.

• The only active product in the top five best-selling funds was once again Bridge Builder Core Plus Bond, with \$2.0 billion in net inflows. Four passively managed equity funds and five passive bond funds rounded out the top ten list. By firm, Vanguard posted the highest inflows (\$15.4 billion) and was followed by State Street, Schwab, Bridge Builder, and Dimensional (DFA).

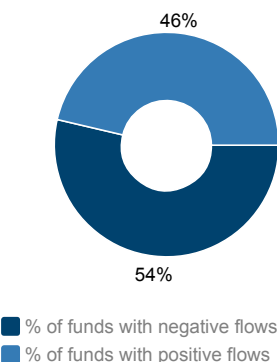
Trillion-Dollar Companies Lead US Stocks Higher

U.S. stocks, as measured by the S&P 500 index, rose steadily in the first three weeks of July before a three-day selloff at the end of the month. Large-caps (+3.72%) outperformed small-caps (+1.74) thanks to behemoth names in the technology sector that continue to amass ever-greater weight in large-cap indexes. Brexit concerns have not abated although trade tensions between Europe’s larger players, such as Germany, and the United States did soften and that helped send the MSCI Europe index up 3.34%.

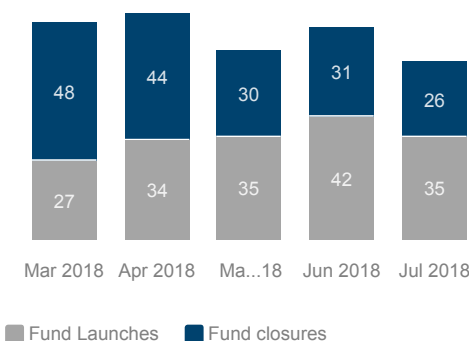
Looking ahead

Impressive earnings data, rock-bottom unemployment (it hit a 50-year low in June), and consumer confidence surveys pointing higher and higher suggest market momentum is back and the Conference Board’s Leading Economic Index suggests continued economic expansion through the remainder of the year. What could go wrong? For starters, trade war tensions between the US and China (and the US and Canada) have only subsided and aren’t close to being settled. Furthermore, Europe’s relations with Russia are decidedly frosty due to NATO armament mobilization. While consumers and businesses continue to dance the night away, it’s the politicians that might remove the punch bowl while the party’s still going.

Flow sentiment



Fund launches & closures



Net sales by investment type - Latest month (\$bn)

Fund Investment Type	Active	Index Tracking	ETF
Bond	8.6 B	9.8 B	8.6 B
Commodity	-0.1 B	-0.2 B	-1.0 B
Equity	-18.4 B	5.9 B	15.6 B
Mixed Assets	-5.8 B	-0.0 B	0.0 B
Other	0.3 B	0.1 B	0.3 B
Sum	-15.4 B	15.6 B	23.5 B
Money Market	12.7 B		

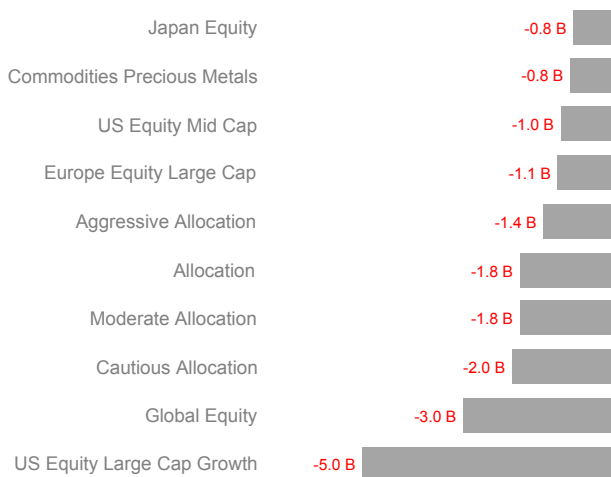
Top selling groups - Latest month (\$bn)

Master Group	Assets	Net Sales
Vanguard	4,560.1 B	15.4 B
State Street	665.8 B	8.1 B
Charles Schwab	213.4 B	3.0 B
Bridge Builder	62.5 B	2.8 B
Dimensional	441.8 B	2.3 B
TIAA	216.6 B	1.8 B
Fidelity	1,578.3 B	1.7 B

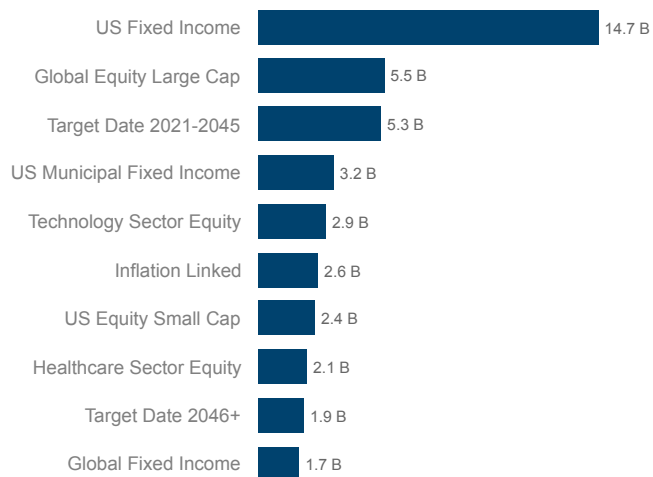
Top 10 selling funds - Latest month (\$m)

Fund Name	Launch Date	Strategy	Morningstar Global Category	Net Sales
Vanguard Total International Stock Index Fund	1996-04	Passive	Global Equity Large Cap	4,646
Vanguard Total Bond Market II Index Fund	2009-01	Passive	US Fixed Income	2,840
SPDR S&P 500 ETF Trust	1993-01	Passive	US Equity Large Cap Blend	2,723
Bridge Builder Core Plus Bond Fund	2015-07	Active	US Fixed Income	2,018
Fidelity Series Long-Term Treasury Bond Index Fund	2016-07	Passive	US Fixed Income	1,822
JPMorgan BetaBuilders Japan ETF	2018-06	Passive	Japan Equity	1,730
Vanguard Total International Bond Index Fund	2013-05	Passive	Global Fixed Income	1,682
Fidelity Series Inflation-Protected Bond Index Fund	2009-09	Passive	Inflation Linked	1,654
iShares iBoxx \$ High Yield Corporate Bond ETF	2007-04	Passive	High Yield Fixed Income	1,528
Vanguard Value ETF	2004-01	Passive	US Equity Large Cap Value	1,512

Bottom 10 selling sectors - Latest month (\$bn)



Top 10 Sectors selling sectors - Latest month (\$bn)



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Data in USD as at: Jul 2018

